



IRISH LIFE INVESTMENT MANAGERS (ILIM)

The week that was – WEEK 04 (ending 22/01/2016)

"The way to get started is to quit talking and begin doing." - Walt Disney

Irish house prices show 2nd largest increase in EU in Q3 – A report by the European Union's statistics agency Eurostat showed house prices in Ireland showed the second biggest increase in house prices in the European Union behind Malta during the third quarter of 2015, up 4.5% compared to 3.1% for the E.U.

Global stock markets rally – The world stock market recovered from earlier falls in the week and finished the week with an overall rise of 1.5% after a jump on Thursday and Friday. The markets responded very positively to ECB chief Mario Draghi's comments about potentially expanding their stimulus measures in March.

Eurozone business growth slows – Markit Economics reported that the euro area purchasing managers' index for manufacturing and services fell to 53.5 from 54.3 in December, the lowest level since February. This slowing in growth may further encourage the European Central Bank to consider further stimulus in March.

IMF cuts its world growth forecast – The International Monetary Fund revised the growth rate for the global economy in 2016 down to 3.4%, from a projected 3.6% in October. The Washington-based fund also cut its forecast for growth in 2017 to 3.6%, down from 3.8%. It estimates the world economy grew 3.1% in 2015.

UK unemployment falls more than expected – The UK Office for National Statistics said that the unemployment rate fell to 5.1%, the lowest since January 2006 and less than economists had forecast. Pay ex bonuses rose 1.9% in the three months up to November from a year earlier, compared to the 1.8% expected.

Saudi Oil chief says oil prices below \$30 are "irrational" – The chairman of Saudi Arabia's state oil company Aramco, Khalid al-Falih, told delegates at the World Economic Forum in Davos that oil prices of below \$30 a barrel are "irrational and cannot last through this year and have overshot on the low side ..."

The Story of the week: A photo of an Irish organic potato has been sold for €1 million. The picture was taken in 2010 by celebrated artist, Kevin Abosch, who said it was sold to a European businessman. We all knew buying organic was expensive but this is going a bit far. The artist was invited to the World Economic Forum in Davos last week.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 22/01)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-7.9
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	-5.4
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-7.4
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	-6.6
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	-8.3
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-10.9
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	-8.5
MSCI World	-7.6	13.1	26.2	7.7	0.2	-7.3
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
US	1.9	1.7	3.0	2.2	2.2	2.0
German	1.8	1.4	1.9	0.5	0.6	0.5
UK	2.0	1.9	3.0	1.9	1.9	1.7
Japan	1.0	0.7	0.7	0.3	0.2	0.2
Ireland	8.4	4.5	3.4	1.3	1.1	0.9
Italy	7.1	4.6	4.1	2.1	1.6	1.6
Greece	31.7	12.7	8.2	9.6	7.9	9.0
Portugal	13.4	6.9	6.1	2.7	2.5	3.0
Spain	5.1	5.4	4.1	1.6	1.7	1.7
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.05
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
US Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.08
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.76
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.43
IPD All Property Return (%)	2010	2011	2012	2013	2014	2015
Ireland	-2.4	-2.4	3.1	12.7	40.1	20.2 (to end of Q3)
UK	14.5	8.1	2.7	10.7	17.8	9.9 (to end of Q3)
US	14.8	14.5	5.3	11.4	11.2	7.9 (to end of Q3)

*Past performance is not a reliable guide to future performance